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FOR AF/C AND INR/AA

E.O. 12065: GDS 7/27/88 (OAKLEY, ROBERT B.) OR-M
TAGS: EGEN, EFIN, EMIN, PINR, CG
SUBJECT: IIM ON ZAIRE

REF: A) KINSHASA 5606, B) STATE 123291

1. (SECRET - ENTIRE TEXT)

2. SUMMARY: ZAIRE'S CONTINUING, SERIOUS ECONOMIC DETERIORATION MAY BE POLITICALLY DESTABILIZING IN THE MEDIUM OR LONG TERM AND IS ALREADY CAUSING GREAT CONCERN AMONG THE SERIOUS, WELL-INFORMED ZAIROIS. HOWEVER, WE DOUBT THAT THE SHORT-TERM EFFECTS WILL UPSET THE STABILITY OF THE REGIME. PRESIDENT MOBUTU'S CONTROL IS NOT MONOLITHIC, BUT DIVERSE POWERFUL INTERNAL FORCES SUSTAIN HIM AND SERIOUSLY INHIBIT ECONOMIC REFORMS, THOUGH LIMITED EFFORTS ARE UNDERWAY. EXTERNAL FORCES ARE A CHECK UPON THE PRESSURE FOR REFORM AT THE SAME TIME THAT THEY ARE ITS PRINCIPAL SOURCE. THERE ARE ALSO A NUMBER OF ECONOMIC ADJUSTMENT OR BUFFERING MECHANISMS WHICH MITIGATE OR DELAY THE IMPACT OF WHAT MIGHT OTHERWISE BE DISASTROUS ECONOMIC POLICIES, ALBEIT AT THE EXPENSE OF LONG-TERM ECONOMIC IMPROVEMENT. THIS TELEGRAM PROVIDES AN EMBASSY ASSESSMENT OF THESE FORCES AS THEY HAVE FUNCTIONED IN RECENT YEARS WHICH WE BELIEVE SHOULD BE TAKEN INTO ACCOUNT IN THE FINAL VERSION OF THE INTER-AGENCY INTELLIGENCE MEMORANDUM. IT ALSO CONTAINS SOME SPECIFIC, MAINLY TECHNICAL NOTES ON THE ORIGINAL (LATE MAY) DRAFT AND A BRIEF LOOK AT FUTURE PROSPECTS.

1. LIMITATIONS ON REFORM

THE IIM TENDS TO BE EXCESSIVELY CENTERED UPON MOBUTU AND TO UNDERPLAY THE FORCES SUPPORTING HIM, SUSTAINING THE POLICIES PRESENTLY IN FORCE AND INHIBITING THE PROSPECT FOR MAJOR REFORM. THE FOLLOWING COMMENTS CONVEY THE EMBASSY'S BEST UNDERSTANDING OF THE FORCES SUPPORTING THE CONTINUATION OF MOBUTU AND HIS POLICIES AND INHIBITING REAL CHANGE.

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A. INTERNAL

MOBUTU'S UNWILLINGNESS AND/OR INABILITY TO CONCENTRATE FOR SUSTAINED PERIODS UPON BETTER MANAGEMENT OF GOVERNMENT (INCLUDING BUT NOT ONLY ECONOMIC ISSUES) IS REINFORCED BOTH BY THE MANIPULATION OF THOSE ADVISORS CLOSEST TO HIM (E.G. SETI, NIMY, ETC.) AND THE WEAKNESS AND/OR SILENCE OF THOSE WHO BELIEVE IN MAJOR CHANGES. ALSO, THERE ARE THOUSANDS OF ZAIRIANS IN AND OUT OF GOVERNMENT WHO ENJOY COMFORTABLE LIVES AND WHO WISH TO AVOID DISRUPTION OF THE SYSTEM WHICH PROVIDES SO WELL FOR THEM -- ALTHOUGH MANY OF THESE SAME PEOPLE ARE INTERESTED IN LIMITED LOW-RISK REFORMS. THESE FACTORS ADD TO THE MOMENTUM (OR INERTIA) OF MOBUTU'S STRATEGY WHICH HAS KEPT THE SYSTEM INTACT OVER THE PAST DECADE OF ECONOMIC AND POLITICAL TROUBLE. OTHER CONTRIBUTING FACTORS ARE EFFECTIVE CONTROL OF THE MEDIA, THE DETERRENT EFFECT OF THE SECURITY SERVICES, THE PERIODIC GLIMMERS OF HOPE FOR A DEGREE OF POPULAR PARTICIPATION IN THE POLICY PROCESS (E.G. LEGISLATIVE COUNCIL 1978-80; CENTRAL COMMITTEE 1980-81; ELECTIONS 1982). MOBUTU'S POLITICAL SKILLS, HIS POPULIST APPEAL AND SUPERSTITIOUS AURA AS THE GREAT CHIEF, AND THE ABSENCE OF ANY VISIBLE ALTERNATIVE (OTHER THAN INTER-REGIONAL SQUABBLING OR EVEN CONFLICT) CONTINUE TO FAVOR THE STATUS QUO. THE POLITICAL/PSYCHOLOGICAL ADVANTAGES FOR THE REGIME OF THE CURRENT SECURITY SYSTEM ARE GREAT. SEEN FROM BOTH INSIDE AND OUTSIDE, POTENTIAL OPPONENTS ARE IMPRESSED WITH THE PRESENCE OF FRENCH, BELGIAN, CHINESE AND ISRAELI OFFICERS AND NON-COMS ATTACHED DIRECTLY TO KEY COMBAT UNITS, AND MUST CONSIDER THE PROBABILITIES OF DIRECT ACTION BY THESE FOREIGN MILITARY FORCES IN RESPONSE TO AN ATTACK FROM EITHER WITHIN OR WITHOUT THE COUNTRY. ALSO, BY DIVIDING THE MILITARY INTO DISPARATE UNITS, THE CHANCES OF COMMON ACTION AGAINST THE REGIME ARE GREATLY REDUCED. THE INTELLIGENCE SERVICES ARE WEAK AND TEND TO BE ALARMIST IN ANALYSIS, BUT THEY ARE BRUTAL AND BECOME EXTREMELY ACTIVE ANY TIME THERE IS EVEN A RUMOR OF ANTI-REGIME ACTIVITY. THIS HAS A SIGNIFICANT DETERRENT EFFECT.

B. EXTERNAL

EXTERNAL FORCES ARE A CHECK UPON THE PRESSURE FOR REFORM AT THE SAME TIME THAT THEY ARE ITS PRINCIPAL SOURCE.

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ADIDE FROM A BRIEF PERIOD OF CLOSE COOPERATION BETWEEN THE US, FRANCE, BELGIUM, THE FRG AND THE UK IN 1978-79 WHICH PRODUCED A MAJOR POLITICAL REORGANIZATION INCLUDING AN ELECTED LEGISLATIVE COUNCIL AND A HALF-ELECTED POLITICAL BUREAU (I.E. BRUSSELS I AND II) STARTED ZAIRE ON THE ROAD TO AGREEMENTS WITH THE IMF AND IBRD, AND GENERATED ASSISTANCE FOR ZAIRE'S ARMY THERE HAS BEEN A PRONOUNCED DISINCLINATION BY ZAIRE'S PRINCIPAL PARTNERS TO WORK TOGETHER FOR FUNDAMENTAL IMPROVEMENTS. AS A RESULT, MOST OF THE PROGRAMS BEGUN IN 1978-79 HAVE EITHER FALLEN SHORT OF THEIR OBJECTIVES OR HAVE BEEN VIRTUALLY ABANDONED

THE MAIN OUTSIDE INFLUENCE REMAINS BELGIUM, PRIMARILY IN THE ECONOMIC FIELD WHERE PRIVATE BELGIAN INTERESTS CALL THE TUNE. THIS SITUATION HAS CONSISTENTLY ACTED SO AS TO PROLONG ZAIRE'S COLONIAL HERITAGE; INCLUDING ECONOMIC DEPENDENCE, LACK OF CONFIDENCE, SUSCEPTIBILITY TO SCAMS, DIVERSION OF STATE REVENUES TO PRIVATE POCKETS, AND AN EMPHASIS ON COMMERCIAL ACTIVITY THAT INHIBITS

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DEVELOPMENT OF LOCAL MANUFACTURING AND AGRICULTURE. BELGIAN GOVERNMENT POLICIES AND PRACTICES HAVE BEEN INCONSISTENT AND INDECISIVE, EVEN IN THE SECURITY FIELD. BELGIAN CRITICISM OF ZAIRE'S HUMAN RIGHTS PRACTICES AND SYMPATHY FOR OPPOSITIONISTS HAVE HELPED REDUCE EARLIER EXCESSES IN THIS AREA (E.G. THERE HAVE BEEN NO EXECUTIONS OR DEATH SENTENCES FOR POLITICAL PRISONERS IN YEARS, AND THERE IS A DEGREE OF GOZ COOPERATION WITH THE UNHCR AND ICRC).

FRANCE IS NOT A RELIABLE FORCE FOR REFORM. THE FRENCH GOAL, ASIDE FROM STREWING FRENCH EXPORTS AROUND ZAIRE, IS TO KEEP MOBUTU AS A POSITIVE FORCE WITHIN THE FRENCH SPHERE OF INFLUENCE IN FRANCOPHONE AFRICA. FRENCH MILITARY ASSISTANCE HELPS TO KEEP ZAIRE PLIANT. MITTERAND'S MORE ASSERTIVE HUMAN RIGHTS POLICY HAS HOWEVER BEEN A POSITIVE FACTOR IN MITIGATING TREATMENT OF POLITICAL OPPONENTS.

THE ISRAELIS HAVE RECENTLY USED TRAINING OF THE SPECIAL PRESIDENTIAL BRIGADE AND OTHER SECURITY AID PLUS THE ILLUSION OF ECONOMIC BENEFIT & SKILLFUL DIPLOMACY TO OBTAIN RESUMPTION OF ZAIRIAN/ISRAELI RELATIONS. BUT REFORM HAS NOT BEEN AN ISRAELI CONCERN AND MOBUTU'S BELIEF IN THE REACH OF THE ISRAELI-CONNECTION INTO THE U.S. HELPED INSPIRE HIS "RENUNCIATION" OF U.S. ASSISTANCE, AND HIS APPARENT BELIEFS THAT U.S. AID CAN BE ESCALATED AND U.S. (AND IMF/IBRD) PRESSURE FOR REFORM DIMINISHED BY POLITICAL ACTION RATHER THAN SERIOUS ECONOMIC MEASURES.

THE U.S. GOVERNMENT, WITH INFLUENCE MUCH GREATER THAN THE VALUE OF U.S. ASSISTANCE WOULD INDICATE, MADE A STRONG AND CONSISTENT EFFORT BETWEEN 1978 AND 1982 TO PRESS ZAIRE FOR REFORMS, PARTICULARLY THOSE ADVOCATED BY THE IMF AND IBRD IN THE ECONOMIC FIELD. WHILE MOBUTU HAS COMPLAINED LOUDLY ABOUT U.S. INTERFERENCE, HE HAS ALSO FOLLOWED SOME SUGGESTIONS FOR IMPROVEMENT OF ZAIRE'S ECONOMIC PERFORMANCE AND HAS BEEN MORE CAREFUL IN THE HUMAN RIGHTS FIELD. MEANWHILE, OUR AID MISSION HAS BEEN THE DRIVING POLICY FORCE BEHIND THE GOZ'S RECENTLY-COMPLETED INTEGRATED PROGRAM FOR THE AGRICULTURAL SECTOR AND, TOGETHER WITH THE PEACE CORPS, IS ALSO INFLUENCING POLICY IN RURAL PUBLIC HEALTH AND BIRTH CONTROL. THE SMALL AMOUNT OF USG BILATERAL ASSISTANCE AND THE UNWILLINGNESS OF OTHER WESTERN GOVERNMENTS TO JOIN US IN A COORDINATED APPROACH SUBSTANTIALLY REDUCED OUR LEVERAGE. THE COMBINATION OF PRESSURE WITHOUT PERCEIVED BENEFIT RECENTLY PROVOKED ANOTHER OUTBURST OF CALCULATED MOBUTU ANGER TOWARD THE UNITED STATES. HOWEVER, MOBUTU IS NOW ENERGETICALLY SEEKING WAYS TO OBTAIN GREATER USG SUPPORT (AND ASSISTANCE). THE IMF AND IBRD ARE NOW WORKING MORE CLOSELY TOGETHER, THANKS IN PART TO ENCOURAGEMENT BY THE USG, AND ARE CONTINUING A CARROT-AND-STICK APPROACH THAT LINKS ASSISTANCE TIGHTLY TO THE ACHIEVEMENT (NOT THE PROMISE) OF SPECIFIC ECONOMIC CHANGES. THE MOBUTU SYSTEM CONSTANTLY SEEKS WAYS TO OBTAIN LARGE-SCALE ASSISTANCE FROM ALTERNATIVE SOURCES, OR TO OBTAIN IMF AND IBRD FUNDS WITH ONLY COSMETIC OR PARTIAL CHANGES. HOWEVER, WHEN THIS APPROACH FAILS AND THE NEED FOR HELP IS PRESSING, COOPERATION WITH THE IMF AND IBRD HAS BECOME MEANINGFUL AND SOME BASIC IMPROVEMENTS HAVE OCCURRED (E.G. RECENTLY THERE HAS BEEN NEW MANAGEMENT FOR GECAMINES AND ADOPTION OF A SOUNDLY-PLANNED AGRICULTURAL PLAN). AN ACTIVE IMF AND IBRD ROLE, INCLUDING FREQUENT DIRECT COMMUNICATION

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WITH MOBUTU, IS AN IMPERFECT BUT INDISPENSIBLE LONG-TERM EDUCATIVE TOOL AS WELL AS AN ESSENTIAL SUPPORT FOR THOSE WITHIN THE SYSTEM SEEKING GENUINE IMPROVEMENT.

AMONG THE OTHER MAJOR GOVERNMENTS, THE FRG IS FOCUSSED ON DEBT REPAYMENTS AND HAS BEEN UNWILLING TO ENGAGE IN THE DISTASTEFUL PROCESS OF SEEKING ECONOMIC OR POLITICAL REFORM. CANADA HAS A PROGRAM WHICH BLENDS IN A POSITIVE MANNER ITS OWN EXPORT DEVELOPMENT WITH AN EMPHASIS ON ZAIRIAN ECONOMIC DEVELOPMENT AND REFORM. THE PRC IS INTERESTED PRIMARILY IN PRESERVATION OF MOBUTU AS A STRONG FORCE AGAINST THE USSR, ALTHOUGH IN RECENT YEARS IT HAS BEGUN TO STRESS THE IMPORTANCE OF SIMPLE DEVELOPMENT PROJECTS (RATHER THAN COSTLY PRESTIGE PRODUCTIONS SUCH AS THE PEOPLE'S PALACE). THE FRENCH CAISSE CENTRAL HAS BEEN A STRONG, EFFECTIVE ADVOCATE OF REFORM, BUT THE EFFECT HAS BEEN DILUTED BY INDISCRIMINATE EXPORT PROMOTION SUPPORTED BY COFACE AND BY OVERALL FRENCH POLICIES. FED HAS EXERTED SOME POSITIVE INFLUENCE ON GECAMINES REFORM BUT ALSO ENCOURAGES COSTLY, UNNEEDED PRESTIGE PROJECTS (SUCH AS A NEW, DEEPWATER PORT) AS A MEANS OF BOOSTING COMMON MARKET EXPORTS. OTHER COUNTRIES, LIKE ITALY AND JAPANESE, WITH THEIR MULTI-MILLION DOLLAR BRIDE ACROSS THE ZAIRE RIVER TO NOWHERE, ACT PRINCIPALLY TO PROMOTE THEIR OWN EXPORTS. THESE PROGRAMS DO BRING SOME ECONOMIC BENEFIT TO ZAIRE (WHILE OFTEN ADDING TO ZAIRE'S DEBT BURDEN), BUT TEND NOT TO ENCOURAGE ZAIRIAN EFFORTS TO IMPROVE THE ECONOMY. ON THE WHOLLY NEGATIVE SIDE, THE RECENT SUSPENSION OR WITHDRAWAL OF 60-75 MILLION IN ARAB AID, MOSTLY COMPLEMENTING IBRD LOANS AND CONCENTRATED IN TRANSPORTATION PROJECTS, WILL RETARD EFFORTS TO REHABILITATE A KEY SECTOR IN DANGER OF COLLAPSE. IT WILL ALSO COMPLICATE LONG-TERM IBRD EFFORTS TO FINANCE GECAMINES EXPANSION, ASSUMING THE GOZ EVENTUALLY MEETS IBRD CONDITIONS.

II. ECONOMIC BUFFER OR ADJUSTMENT MECHANISMS

ZAIRE'S POLITICAL/ECONOMIC/SOCIAL STRUCTURE STILL RESTS ON THE TRIBAL FOUNDATION. THE CHIEF IS ENTITLED TO HIS CUT, BUT HE MUST PROVIDE PATRONAGE TO HIS ASSISTANTS AND SUBSISTENCE FOR THE POPULATION. SINCE PROSPECTS FOR THE TRIBE ARE UNCERTAIN, THE SYSTEM MUST BE EXPLOITED TODAY, WITHOUT MUCH REGARD FOR THE FUTURE. MOREOVER, THE EXPERIENCE SINCE INDEPENDENCE HAS LEFT THE IMPRESSION THAT EXTERNAL SUPPORTERS WILL EVENTUALLY ASSIST IF THE SITUATION BECOMES TOO BLEAK.

THE CURRENT FX SHORTAGES WILL CAUSE SHORTAGES OF GOOD AND HIGHER PRICES AS WELL AS FACTORY CLOSINGS AND LAYOFF OF WORKERS. LINKS WITH THE TRIBE AND FAMILY TIES IN THE VILLAGES, HOWEVER, CONSTITUTE AN ADJUSTMENT MECHANISM THAT CAN MITIGATE TO SOME DEGREE THE EFFECTS OF THE MISERABLE ECONOMIC SITUATION AND HELP CHECK DISCONTENT. THOUGH THE INADEQUATE ORGANIZED TRANSPORTATION SYSTEM WILL FALTER FURTHER, DUE TO THE PETROLEUM CRUNCH, FAMILIES WILL TRY TO MAKE THEIR OWN ARRANGEMENTS TO EXCHANGE GOODS BETWEEN THE CITIES AND VILLAGES. IF CONDITIONS IN THE URBAN AREAS BECOME TOO BAD, INDIVIDUALS WILL FADE OUT OF THE MONETARY ECONOMY INTO THE "BUSH", WHERE THEY CAN REMAIN ON A SUBSISTENCE LEVEL. THIS FORM OF ADJUSTMENT WILL DO NOTHING FOR ECONOMIC DEVELOPMENT AND IT REDUCES THE VIOLENCE OF POPULAR REACTION TO ECONOMIC HARDSHIP.

THE ORGANIZED ECONOMY CONTAINS ADDITIONAL ADJUSTMENT MECHANISMS. IT UTILIZES THE POLITICAL SYSTEM AS AN EXTENSION OF COMMERCIAL ACTIVITY. GOVERNMENT OFFICIALS ARE BUSINESSMEN ON TEMPORARY DUTY, ACTING NOT SO MUCH

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TO REGULATE COMMERCIAL ACTIVITY AS TO EXPEDITE IT AND SHARE THE BENEFITS. WHEN TIMES ARE BAD, THE AUTHORITIES TEND TO CONDONE OR ENCOURAGE MORE BUSINESS ACTIVITIES OUTSIDE OFFICIAL CHANNELS. FOR EXAMPLE, THE AUTHORITIES ALLOW MERCHANDISE TRANSACTIONS BASED ON FOREIGN EXCHANGE OPERATIONS IN THE PARALLEL MARKET, PROVIDED THE GOODS ENTER OR EXIT FROM ZAIRE THROUGH OFFICIAL CUSTOMS CONTROL. (AT LEAST 30 PERCENT OF ZAIRIAN IMPORTS ARE ESTIMATED TO OCCUR IN THIS FASHION.) SMUGGLING IS ALSO ON THE INCREASE BOTH EXPORTS (COFFEE, GOLD, DIAMONDS) AND IMPORTS (PETROLEUM, FOODSTUFFS) ALONG THE BORDER AREAS SUCH AS EQUATOR, HAUT ZAIRE AND KIVU AND SHABA. SOUTH AFRICA REMAINS A MAJOR SOURCE OF CONSUMER PRODUCTS FOR THE UPPER CLASS. SOME MANUFACTURERS ARE APPEARING ON THE PARALLEL MARKET TO IMPORT RAW MATERIALS WHILE OTHERS RECEIVE SPECIAL SUBSIDIES FROM THEIR BELGIAN AFFILIATES. TO

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THE EXTENT THAT SUCH FIRMS CAN STAY IN PRODUCTION, EVEN AT MINIMAL LEVELS, THEY WILL TEND TO RETAIN THEIR FULL COMPLEMENT OF WORKERS.

NEEDLESS TO SAY, THESE BUFFERING DEVICES ARE A MIXED BAG, OFTEN EASING THE ECONOMY OVER THE IMMEDIATE ROUGH SPOTS TO THE DETRIMENT OF LONGER-TERM IMPROVEMENTS WOULD BENEFIT THE COUNTRY AS A WHOLE. ALSO, THEY TEND TO DOWNGRADE FURTHER THE SADLY NEGLECTED, INEFFECTUAL GOVERNMENT APPARATUS WITHOUT BRINGING THE COMPENSATING ADVANTAGE OF OPEN MARKET ACTIVITY. AT SOME POINT THESE NEGATIVE EFFECTS COULD REACH A FLASH POINT BUT PAST PERFORMANCE DOES NOT PROVIDE ANY RELIABLE INDICATORS AS TO WHEN THAT MIGHT BE.

III. FUTURE PROSPECTS

THE SITUATION DESCRIBED ABOVE WILL HELP MOBUTU STAY IN POWER INTO 1983 DESPITE THE INCREASING ECONOMIC DOWNTRENDS. THE MILITARY FORCES ARE ORGANIZED IN SUCH A FASHION AND THE INTELLIGENCE SERVICES SO UBIQUITOUS -- NOT TO MENTION THE EXAGGERATED PUBLIC PERCEPTION OF THEIR UBIQUITY -- THAT ORGANIZED DISSENT DOES NOT APPEAR TO MANY ZAIRIANS AS A VIABLE APPROACH. EFFECTIVE EXTERNALLY-INSTIGATED SUBVERSION OR GUERRILLA ACTIVITIES ALSO SEEM UNLIKELY TO OCCUR IN THE NEAR FUTURE, ABSENT A FUNDAMENTAL POLICY CHANGE BY THE USSR, CUBA, ANGOLA AND/OR ZAMBIA.

THUS, IT SHOULD BE POSSIBLE TO CONTAIN POPULAR DISSATISFACTION SHORT OF A MAJOR UPHEAVAL, EVEN IF LOCALIZED DISTURBANCES TAKE PLACE, UNLESS LIVING CONDITIONS BECOME REALLY INTOLERABLE (E.G. NEAR-STARVATION). WE ARE LESS LIKELY TO DISCOUNT, HOWEVER, THE POSSIBILITY THAT A MILITARY MAN OR FACTION MIGHT TAKE INDEPENDENT ACTION; THERE HAVE BEEN OCCASIONAL INDICATIONS OF GROWING DISCONTENT WITHIN THE MILITARY, EVEN WITHIN THE BSP. ANOTHER PROBLEM, VERY DIFFICULT TO PREDICT AND ASSESS, IS FEAR (EVEN IF UNJUSTIFIED) BY MOBUTU AND/OR THE ELITE DEPENDING UPON HIM OF POPULAR UNREST. THIS COULD SET OFF A SEQUENCE OF ACTIONS WHOSE CUMULATIVE EFFECT WOULD BE SERIOUS (E.G. EXCESSIVE LOCALIZED REPRESSION BY SECURITY FORCES FOLLOWED BY STRONG POPULAR RESPONSE LEADING EITHER TO A CHAIN REACTION OF MAJOR VIOLENCE AND/OR TO THE FLIGHT OR RESIGNATION/FIRING OF KEY FIGURES IN THE REGIME WITH PROMISES OF REFORM). IN THIS CONTEXT, MENTION OUGHT TO BE MADE OF EXISTING DISSENTION WITHIN EQUATEURIAN CIRCLES, ALTHOUGH WITHOUT APPROPRIATE ORGANIZATION

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AND ALLEGIANCES IN OTHER SECTORS, THIS IS INLIKELY TO RESULT IN THE NEAR FUTURE IN A TYPE OF "PALACE COUP."

DOMESTIC MOVEMENT FOR POLITICAL OR ECONOMIC REFORM, ABSENT INCREASED IMF/IBRD CARROT-AND-STICK EFFORTS AND STRONGER, MORE CONCERTED ACTION BY THE U.S. AND OTHER FOREIGN GOVERNMENTS IS UNLIKLEY TO ACHIEVE MUCH STRENGTH. IN FACT, WITHOUT ANY DRAMATIC POLITICAL CHANGES OR ECONOMIC IMPROVEMENT DIRECTLY ATTRIBUTED TO REFORM PRESSURES FROM THE OUTSIDE OR A MAJOR POPULAR UPHEAVAL. MODERATE REFORMERS WITHIN THE GOZ ARE LIKELY TO BECOME EVEN FURTHER ISOLATED OVER THE NEXT SEVERAL MONTHS. THE SECOND PARTY MOVEMENT IS FORMALLY DEAD, ALTHOUGH THERE ARE STILL MANY DISAPPOINTED SUPPORTERS AROUND. THOSE PRESSING FOR ECONOMIC REFORM ARE INCREASINGLY DEMORALIZED. MODERATE REFORMERS HAVE SEVERAL CHOICES: REMAIN PASSIVE AND WAIT FOR MOBUTU TO DEPART, ONE WAY OR ANOTHER; JOIN THE RANKS OF THE DISSIDENTS ABROAD; OR PARTICIPATE IN SOME TYPE OF ORGANIZED MOVEMENT WORKING AGAINST THE REGIME, PREPARED FOR VIOLENT ACTION IF NECESSARY. MOST WILL CHOOSE THE FIRST OPTION. WE HAVE BEEN ABLE TO DETECT FEW, IF ANY, REALLY PREPARED FOR THE LAST OPTION. A TEMPTING VARIATION OF THE FIRST OPTION WILL BE TO HOPE THAT SOMEHOW THE NEWLY-ELECTED LEGISLATIVE COUNCIL WILL BRING MEANINGFUL IMPROVEMENT ON BOTH THE POLITICAL AND ECONOMIC FRONT DURING 1983.

IV. TECHNICAL NOTES

A. GOZ POLICY RESPONSES. II(A), P.1 PARAGRAPH 3. NO IMF STANDBY HAD AS A TARGET THE RESCHEDULING OF DEBT. THESE DISCUSSIONS TAKE PLACE IN THE PARIS AND LONDON CLUBS AND PRIVATELY BETWEEN GOZ OFFICIALS NON-SYNDICATED BANKS.

B. GOZ POLICY RESPONSES. II(A) P.2, PARAGRAPH 5. IMF FINANCING INTENDED THROUGH THE EFF SHOULD BE CORRECTED TO READ: PURCHASES SDR 912 MILLION MINUS REPURCHASES SDR 104.4 MILLION EQUALS NET PURCHASES SDR 807.6 MILLION.

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C. CURRENT SITUATION, III(A), P.3, PARAGRAPH 4. THE EMBASSY HAS UPDATED ITS ESTIMATE OF ZAIRE'S 1982 MEDIUM AND LONG-TERM DEBT SERVICE OBLIGATIONS AS FOLLOWS:

\$493 MILLION - (1982 DEBT SERVICE OBLIGATION AS
- PROJECTED BY 1981 PARIS CLUB)

130 MILLION - (ARREARAGES FROM 1981)

240 MILLION - (1982 DEBT NOT ELIGIBLE FOR RESCHEDULING
- AS ENVISIONED BY 1981 PARIS CLUB BECAUSE
- OF GOX OUT OF COMPLIANCE WITH IMF)

250 MILLION - (1982 DEBT NOT TECHNICALLY RESCHEDULED
- BECAUSE OF DEBT BILATERALS NOT SIGNED)

\$1,113 MILLION - TOTAL

THROUGH JUNE 30 ZAIRE HAD PAID ONLY \$49 MILLION TOWARD THESE OBLIGATIONS, INCLUDING \$38 MILLION IN MARCH AFTER THE SDR 107 MILLION IMF CFF DRAWING. ACCORDINGLY, BARRING NEW IMF DRAWINGS IN 1982, WE NOW PROJECT ZAIRE WILL NOT BE ABLE TO PAY MORE THAN ABOUT \$100 MILLION ON EXTERNAL DEBT IN 1982. OAKLEY
END OF MESSAGE

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